

We Energies

Request for Proposal
Renewable Energy Supply
2010

January 22, 2010



I. Introduction

A. Summary of Request for Proposals

Wisconsin Electric Power Company (We Energies) requests proposals (Proposals) for up to 150,000 MWh (megawatt-hours) of annual renewable energy and all current and future associated renewable attributes including Renewable Energy Credits (REC). Renewable Energy Sources must qualify under the current Wisconsin Renewable Portfolio Standard (WI-RPS), and/or other Governmental programs applicable to We Energies. Sources include but are not limited to wind, biomass, hydroelectric, solar/photovoltaic (PV) and geothermal energy.

In order to qualify under the WI-RPS the renewable energy source must be able to (1) receive authorization from the Public Service Commission of Wisconsin (PSCW) qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS and (2) be able to deliver to and inject its energy into the Midwest Independent Transmission System Operator (MISO) network.

Proposals will be accepted for terms of up to and including five (5) years in length, beginning January 1, 2011 and expiring no later than December 31, 2015.

Proposals must address the Key Evaluation/Selection Criteria as found in Section **III – E: Key Evaluation/Selection Criteria** and be submitted under the guidelines of Section **IV: Proposal Format and Content**.

Strong preference will be given to projects that have already achieved Commercial Operation.

We Energies intends to move carefully through the Request for Proposal (RFP) bid and evaluation process and ultimately negotiate a Power Purchase Agreement(s) (PPA) with one or more suppliers.

Reference page 10 for a description of acronyms utilized in this document.

B. Background

We Energies is the principal subsidiary of Wisconsin Energy Corporation and provides electricity, natural gas and/or steam service to about 2.3 million people. See our service territory map located at: <http://www.we-energies.com/home/ServiceMap.pdf>

We Energies' peak electric demand is about 6,200 MW. We Energies is connected to the American Transmission Company (ATC), and through the ATC receive transmission services from the Midwest Independent Transmission System Operator (MISO).

C. Renewable Capacity/Energy Acquisition and Location Preferences

Typical renewable energy resources include, but are not limited to, wind, biomass, hydroelectric, solar/photovoltaic (PV) and geothermal sources. We Energies will consider all proposals whose renewable energy source is able to deliver to and inject its energy into the MISO network and is

able to receive Authorization from the Public Service Commission of Wisconsin (PSCW) qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS.

D. Reservation of Rights

We Energies reserves the right, without qualification and in its sole discretion, to reject any and/or all proposals and to waive any informality, technicality or deficiency in proposals received. We Energies reserves the right to consider proposals or alternatives outside of this solicitation, in its sole discretion, to satisfy its renewable energy supply requirements including, but not limited to Capacity, Energy and Renewable Energy Credits (REC). In addition, We Energies reserves the right, in its sole discretion, to modify or waive any of the criteria contained herein and/or the process described herein. Those who submit proposals agree to do so without recourse against We Energies for either rejection or failure to execute a PPA for any reason.

E. Confidentiality

We Energies shall consider materials provided by Bidder in response to this RFP to be confidential only if such materials are clearly designated as "Confidential." Bidders should be aware that their proposals, even if marked "Confidential", may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by We Energies. Bidders may be required to justify the requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by any order of an agency or court of competent jurisdiction, We Energies may produce the material in response to such order without prior consultation with the Bidder.

II. Summary of Key Activities

A. Process Schedule

The Process Schedule is as follows:

Description	Dates	Comment
Notice of Intent to Bid Deadline	Thursday, January 28, 2010	Received at Buyer's e-mail location, no later than 5:00 PM, Central Prevailing Time
Proposal Submittal Deadline	Monday, February 15, 2010	Received at Buyer's e-mail location, no later than 5:00 PM, Central Prevailing Time
Short List Notification (Estimate)	April, 2010	
PPA Negotiation and Execution	May, 2010 – October, 2010	

Exhibit 1 contains the required Notice of Intent to Bid template. All Intent to Bid Notices are due by deadline indicated. Following the Proposal submittal Deadline, a review of all Proposals will be conducted and We Energies may develop a “short list” of Bidders. A further detailed evaluation of the Short List Bidder Proposals may ultimately lead to contractual negotiations to enter into a PPA. We anticipate that the detailed evaluation, negotiations and potential PPA execution may take up to nine (9) months from the Proposal Submittal Deadline. All Bidders would be contacted regarding the status of their Proposal by the completion of the process.

B. Submittals, Inquiries and Other Communication

All Notices of Intent to Bid and completed Proposal(s) must be submitted electronically to the following e-mail address: RenewableRFP2010@we-energies.com by the respective deadlines and in the following manner:

- (a) Exhibit 1: Notice of Intent to Bid - scan completed template into a PDF
- (b) Proposal: A single PDF file for each proposal submitted

Information related to We Energies, ATC and MISO can be found at the following websites:

<http://www.we-energies.com/home/aboutus.htm>

<http://www.atcllc.com>

<http://midwestiso.org>

All inquiries and communications relating to any aspect of this RFP should be directed to Jim Sherman, Power Marketer, at 414-221-2473.

C. Proposal Submittal

To ensure consideration, all Proposal(s) must be submitted by the submittal deadline. All costs associated with the development of the proposal shall be borne by the Bidder. We Energies will not reimburse Bidder for costs incurred in responding to this RFP or for the costs incurred during any subsequent negotiations.

III. General Information

A. General Requirements

We Energies is requesting Proposals for supply of annual renewable energy and all current and future associated renewable attributes including REC's, for up to 150,000 MWh (megawatt-hours) from renewable energy sources which qualify under the current Wisconsin Renewable Portfolio Standard (WI-RPS), or other Governmental program applicable to We Energies, with the intent of negotiating a PPA with a term of up to five (5) years in length.

Bidder's Proposals may be taken as a single project or be aggregated by We Energies to achieve the desired megawatt-hours (MWh) of supply. Proposals must be for projects whose output is considered deliverable to the MISO network and is able to receive Authorization from the Public

Service Commission of Wisconsin (PSCW) qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS.

Biomass electricity has the definition as defined in the WI Statutes as applicable to WI RPS compliance. Projects using landfill gas will also be considered as part of this RFP. However, projects utilizing garbage and non-vegetation-based industrial, commercial or household waste are excluded as per WI Statutes as applicable to WI RPS compliance.

We Energies shall have the right to all energy and any and all current and/or future renewable energy certificates and emissions credits associated with the energy from a project or portion thereof covered under a successful PPA associated with any Project

The Bidder will be required to 1) procure and maintain appropriate amounts of all-risk property insurance on a replacement cost basis during both the construction and operational periods, 2) procure and maintain appropriate amounts of general liability insurance to cover the indemnification requirements covered under a successful PPA associated with the Project, and 3) procure and maintain appropriate amounts of any other insurance as required by law or necessary to support the Project.

The Bidder will be responsible for all costs to interconnect with the distribution or transmission system (as applicable), including the cost of any distribution system upgrades in the event the facility connects to the grid at sub-transmission voltages.

We Energies will accept delivery for all energy at the MISO Commercial Pricing Node (CPN) through which the project is interconnected.

All "short list" Bidders will be reviewed by We Energies for credit worthiness prior to being selected to enter into any discussion for a PPA.

B. Confidentiality Agreement

All "short list" Bidders will be required to execute a Confidentiality Agreement with We Energies before any exchange of information, outside the initial RFP and Bidder response information, is conducted. We Energies will provide a Confidentiality Agreement to all "short list" Bidders.

C. Power Purchase Agreement

We Energies expects to enter into a PPA(s) with the selected supplier(s). The term of the agreement will be for up to 5 years in length, beginning January 1, 2011, expiring no later than December 31, 2015 and will include pricing commitments in year of occurrence US dollars.

All "short list" Bidders that have executed a Confidentiality Agreement with We Energies will be provided a copy of the expected Power Purchase Agreement to be executed with successful Bidders.

D. Regulatory Compliance and Environmental Requirements

All Bidders are responsible for the acquisition of necessary federal, state, and local approvals, licenses, permits or variances, and the specific requirements for the construction and/or operation of the renewable electric generation facility(s).

We Energies will only consider Bidders who demonstrate that their facilities are sited in an environmentally responsible and compliant manner, in compliance with applicable local, state, and federal laws and regulations, and document a secured fuel supply.

E. Key Evaluation/Selection Criteria

The following **Key Evaluation/Selection Criteria** must be reflected in all Bidder Proposals:

1. Contract terms of up to five (5) years – beginning January 1, 2011 with an expiration date of no later than December 31, 2015
2. Seller must deliver Product that is bundled with Energy and Renewable Energy Credits (REC) from specified renewable resource.
3. Buyer has rights to all energy and current and future renewable attributes
4. Renewable energy source must qualify under the WI-RPS including (1) the ability to receive authorization from the Public Service Commission of Wisconsin (PSCW) qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS and (2) be able to deliver to and inject its energy into the Midwest Independent Transmission System Operator (MISO) network.
5. Transaction Details
 - a. Seller's responsibility to operate, offer and/or otherwise provide energy into the MISO market at their sole discretion, responsibility and risk.
 - b. Strong Preference given to those Proposals that reflect Seller assuming the role as Market Participant.
 - c. Strong Preference given to those Proposals that reflect Buyer's purchases of energy/RECs via a MISO "finSched" transaction(s).
 - d. Strong Preference given to Proposals with options for mitigation of Buyer's exposure to purchases during negative LMP hours in Day-Ahead and/or Real-Time MISO Markets.
 - e. In order to allow Buyer to effectively offer its existing generation assets into the markets in response to Seller's operation of the Project, Seller must provide Buyer with forecasts of expected energy output from Project for participation in regional markets
 - f. Seller will be required to provide to Buyer near real-time and historic meter data from the project's revenue quality meter for the duration of contract term
 - g. Delivery point will be at the Project associated MISO CP Node and Sink will be at WEC.S.
 - h. Buyer will assume costs for congestion and losses from MISO Delivery point to Sink point of WEC.S.
6. Registration and retirement of RECs will be conducted through the Midwest Renewable Energy Tracking System (MRETS), and/or other applicable future systems
 - i. Bidders are required to participate in MRETS or other applicable future systems at their sole expense
7. Strong preference will be given to projects that have already achieved Commercial Operation.
8. Buyer's Audit Rights of Seller's operation and market activities.

IV. Proposal Format and Content

A. Proposal Format

There is no specific format required of Bidders under this RFP. However, all proposals must contain all Sections as identified under section **IV-B: Proposal Content** and address the Key Evaluation/Selection Criteria as identified under **III-E: Key Evaluation/Selection Criteria**.

B. Proposal Content

Each proposal shall contain the following sections. A suggested bullet list of typical topics relating to each section which Bidder may wish to include is also provided. These are recommendations only to aid in Proposal evaluations, but are not required.

Section 1 – Executive Summary

- Overall description of the facility, including key features
- General description of the location
- Business arrangement and financing of the facility
- Whether PTC or ITC is applicable to the Project
- Actual or expected COD
- Nameplate MW Capacity of the facility
- Amount of MW being offered under this proposal with expected or historical capacity factor
- Recommended PPA term (up to 5 years)
- Pricing summary.

Section 2 – Project Description

- Generation equipment description
- Date facility achieved Commercial Operation
- Description of fuel type and source
- Location of project and site description and include:
 - Physical location
 - Transmission Owner
- Economic and Energy analysis, including but not limited to fuel cost assumptions, output, station power and efficiency data
- Facility operations and management plan including Operation and Maintenance contracts and history
- Identification of MISO Interconnection Node for Locational Marginal Pricing (LMP) analysis
 - Identify the MISO CP Node through which the Project is connected or the injection point where non-MISO resources will inject into the MISO Transmission Network.

Section 3 – Bidder’s Qualifications

This section should include, but not be limited to, the following information:

- Corporate/business structure, including primary and secondary businesses and any other documentation supporting Bidder qualifications

Section 4 – Financial Considerations

The financial viability of any facility should be demonstrated to provide assurance that the Bidder, as well as any firm(s) involved in the facility, have adequate financial strength. Financial strength is an indicator of the likelihood that the Bidder is able to carry out the responsibilities of the supplier to develop and construct the renewable energy facility, if applicable, and that the renewable energy will be available as projected.

It is recommended that Bidder provide documents or web-site links to documents to support evaluation of Bidder’s Credit Worthiness, such as:

- Current audited financial statements, including balance sheet, income statement, and statement of cash flows for each party (If audited financial statements are not available, a listing of assets, liabilities, profit and loss statement and cash flow must be provided); and
- Description of planned or future facility financing, as applicable.

Note: Bidders may be required to provide security should your company enter into an Executed PPA with We Energies. Additional information may be requested as needed to evaluate Bidder’s Credit Worthiness.

Section 5 – Power Supply Contract Duration, Pricing and Timing

For each submitted Proposal, it is recommended that the following be included:

- Contract Duration
 - Must meet RFP requirements
- Price for energy and associated renewable attributes including RECs for the contract duration
 - Prices should be stated in year of occurrence US dollars.
- Date the facility achieved Commercial Operation
 - Must have achieved COD on or after January 1, 2004.
- Amount of energy the facility is or will be capable of generating,
- Amount of energy to be delivered by month for year 1 and annual for years 2 and beyond
- Minimum guaranteed energy production
- Project Nameplate Capacity (MW), Proposal Supply Capacity (MW) and expected or historical Capacity Factor
- Fuel Supply Guarantees

- Proposed Performance Guarantees
- Transaction Design Details

Section 6 – Transmission Plans

The Proposal should include a

- Description of the means of delivering the energy to the MISO transmission system, including any distribution system related issues, if applicable.
- MISO CP Node for interconnection

If the project is not located within the MISO footprint, please describe the transmission path that will be procured by Seller from the Generator to the point of entry into the MISO system, including the MISO CP Node for injection.

The Bidder is responsible for all costs involved in interconnecting with the local utility and/or MISO transmission system. Please outline any unresolved interconnection issues with the local utility or MISO.

Section 7 – Regulatory and Environmental Compliance

The Bidder is exclusively and entirely responsible for meeting and satisfying all federal, state and local permits, licenses, approvals and/or variances that are currently, or become in the future, required for the operation of the project and the delivery of energy and associated renewable attributes including RECs in accordance with the PPA. The proposal should outline any unresolved regulatory and environmental issues with details on the approval process, how the developer will address them and the expected resolution date.

The Bidder's facility, operations and records must be available for periodic inspection by We Energies' representatives or its designated agent for purposes of auditing and verification of compliance for any and all permits, licenses, approvals and or variances to ensure environmental compliance, impact and safety. These records shall remain available throughout the term of the PPA.

Section 8 – Other Information

This section provides the opportunity to describe other aspects of the Proposal that may not fit into one of the above categories that Bidder desires to provide with this Proposal.

V. Evaluation Process

We Energies will assess all Proposals to determine which, in We Energies' sole opinion, are potentially viable for continuation of further discussions and evaluation. Upon completion of this assessment, We Energies may develop a "short list" of qualified Bidders. After further analysis, We Energies may provide a selected group of Bidders with a model PPA for discussion purposes and initiate preliminary discussions.

We anticipate that the review process will take up to nine (9) months from the Proposal Submittal Deadline to complete. All Bidders would be contacted regarding the results of this review within that time period.

Bidders who enter into preliminary discussions with We Energies will be required to execute a Confidentiality Agreement, which will be supplied by We Energies.

The commencement of negotiations between any potential Bidder and We Energies does not create or imply any commitment by We Energies to enter into a PPA with that Bidder.

Acronyms Used in This Document

MWh	Megawatt-hour
MW	Megawatt
PPA	Power Purchase Agreement
RFP	Request for Proposal
ATC	American Transmission Company
MISO	Midwest Independent System Operator
WI-RPS	Wisconsin Renewable Portfolio Standard
REC	Renewable Energy Credit
COD	Commercial Operation Date
CPN	Commercial Pricing Node
LMP	Locational Marginal Pricing
PV	Photovoltaic
PSCW	Public Service Commission of Wisconsin
WI RPS	Wisconsin Renewable Portfolio Standard
finSched	MISO Financial Bilateral Transaction Schedule Software
MISO	Midwest Independent Transmission System Operator
MRETS	Midwest Renewable Energy Tracking System
PTC	Production Tax Credit
ITC	Investment Tax Credit

EXHIBIT 1 – Notice of Intent to Bid

Proposal Counterparty Information

Company Name:

Address:

City, State, ZC:

Company Contact for this Proposal (Please list only Primary Contact)

Name:

Address:

City, State, ZC:

Telephone:

e-mail:

_____ The above Counterparty intends to provide one or more bids in response to *We Energies Renewable Energy Supply 2010 RFP*

List the projects under which the above proposals are intended to be bid:

Project Name	Physical Location (City and State)	Fuel Source	Nameplate Capacity	Commercial Operation Date

Counterparty Representative Signature: _____

Print Name:

Title:

Date:

This Intent to Bid Notice should be scanned to a PDF file and e-mailed to RenewableRFP2010@we-energies.com no later than the deadline.